sources. In order to ensure availability of edible oil at reasonable prices to the consumers, edible oil has been made freely importable. However, for providing adequate protection to the domestic oilseed producers, import duty on edible oil has recently been rationalised. Besides, the government also provides protection to the farmers through the mechanism of guaranteed purchase at minimum support prices. Thus, the present import policy is in the interest of consumers, farmers and producers.

Withdrawal of Income Tax Exemption on Earnings of Handicrafts

5212. SHRI C. M. IBRAHIM: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether Government have received representations from the Export Promotion Council for Handicrafts against the proposed phasing out of withdrawal of income-tax exemption on export earnings of handicrafts;

(b) if so, the main reasons and grounds adduced by the Council and the demands made by them;

(c) how far the Handicraft Industry comprises of small thing and cottage/ village industry;

(d) the latest estimate about the employment generated by Handicraft Industry in rural and urban areas; and

(e) the Government's reaction on their demands?

THE MINISTER OF COMMERCE AND INDUSTRY (SHRI MURASOLI MARAN): (a) Yes, Sir.

(b) The main reason given by the Council is that phasing out of the Income-Tax exemption available to exporters of handicrafts under Section 80HHC of the Income-Tax Act over the next 5 years will adversely affect the exporting community in general and small exporters of handicrafts in particular as it will lead to increase in production cost and make Indian handicrafts uncompetitive in the international market.

The Council has requested that the Government should restore the provision of 100% exemption on export income for handicrafts exporters under Section 80HHC of the Income-Tax Act.

(c) and (d) The handicrafts industry in highly decentralised, labour intensive and cottage based. As per census conducted by NCAER in the

year 1991-92, the industry employs 48.20 lakh persons & majority of them belong to rural areas.

(e) The Government have not acceded to the request of the Council for restoration of the provision of 100% exemption on export income under Section 80HHC of the Income Tax Act.

Decline in FDI Approval and its Inflow

5213. SHRI SURESH PACHOURI: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether it is a fact that there has been a sharp decline in Foreign Direct Investment (FDI) approval since 1997 onwards;

(b) if so, the reasons therefor;

(c) whether it is also a fact that the actual inflow of FDI against the approval has also been much less;

(d) if so, the reasons therefor; and

(e) how Government plan to remove the gap between FDI approvals and actual inflow?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. RAMAN): (a) to (e) The year-wise approval of FDI and inflows from January, 1991 to December, 1999 is given below:

Year	Amount of FDI approved	Inflow of FDI amount	
January-December	Rs. in crore	Rs. in crore	Realisation rate-FDI approved inflows (in terms of Rupees)
1991	534	351	65.73
1992	3888	675	17.36
1993	8859	1787	20.17
1994	14187	3289	23.18
1995	32072	6820	21.26
1996	36147	10389	28.74
1997	54891	16425	29.92
1998	30814	13340	43.29
1999	28367	16868	59.46

There are many factors responsible for increase or decrease in FDI. Decrease can be due to global recession, recent South East Asian economic crisis and global market conditions. The time lag in inflows against mega projects is